

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE :

No Plat

Lease No. 341

"A"

WHEREAS, under the provisions of Act No. 30 of the Extra Legislative Session of 1915, as amended by Act 315 of 1926, application was made to the Governor for a lease of the herein-after described lands, and a report thereon having been made by the Register of the State Land Office; and,

WHEREAS, in response to said advertisements, bids were received at the State Capitol on the 18th day of February, 1936, in the presence of A. P. White and Carl Campbell; and,

WHEREAS, it appears that the bid of W. T. Burton, hereinafter styled "lessee", is the most advantageous to the State of Louisiana;

NOW, THEREFORE, Be It Known And Remembered, that said Governor James A. Noe, acting under the authority of the said Act No. 30 of the Extra Session of 1915, as amended by Act No. 315 of 1926, and in accordance with the terms thereof, and acting in behalf of the State of Louisiana, as "lessor", does hereby let and lease unto the said lessee, his heirs and assigns, the herein-after described property, for the purpose of exploiting the same by geophysical means in locating mineral bearing structure thereon, and for producing therefrom oil, gas and/or other minerals, in and under said lands, and also the exclusive right of drilling and operating thereon for oil, gas and/or other minerals, together with a right-of-way for, and the right to lay pipe lines to convey water, oil, steam and gas, and the right to have sufficient water, oil and gas from the premises for all of lessee's operations thereon, and also such other privileges as are reasonably requisite for conducting such operations, and the right to remove from said premises at any time any and all property that may have been placed thereon by lessee, provided that the said lessee shall have fulfilled his obligations to lessor hereunder.

The said property to which this instrument applies is described as follows:

All the property now or formerly constituting the beds and other bottoms of rivers, creeks, streams, bayous, lagoons, lakes, bays, coves, sounds and inlets and other water bodies, and also all islands and other lands belonging to the State of Louisiana and not under lease from the State of the date of application, namely, January 22, 1936, and being situated or included within the following described boundaries, to-wit: Beginning at the northwest corner of Township 16 South, Range 12 East, Southwestern Land District of Louisiana; thence run South on the West line of the said Township 16 South, Range 12 East, to its southwest corner; thence run East on South line of said Township 16 South, Range 12 East, to the West bank of Bateman Lake or Sweet Bay Lake; thence continue East on a straight line which will be a projection of the South line of Township 16 South, Range 12 East, Southwestern Land District, to the East line of Township 17 South, Range 12 East, Southeastern Land District; thence North on the East line of Township 17 South, Range 12 East, and Township 16 South, Range 12 East, Southeastern Land District, to a point on said line which is due East of the northwest corner of Township 16 South, Range 12 East, Southwestern Land District; thence West to the place of beginning, lying in St. Mary and Terrebonne Parishes, Louisiana, and in-

cluding in particular all or parts of Berwick Bay, Bate-
man Lake, Sweet Bay Lake, Bayou Shaffer, Big Wax Wayou,
Little Wax Bayou, Bayou Boeuf, Atchafalaya River, Bayou
Progue, Honey Bayou, Bayou Penchant; this particularization,
however, not being or intended to be all-inclusive.

I.

Lessee has this day paid to lessor the sum of -----
Five Thousand----- (\$5,000.00) Dollars
for the right to begin operations for the drilling of a well on
the herein leased premises at any time within one (1) year from
the date hereof, for lessee's right to delay such operations un-
der the conditions hereinafter provided, and for all other rights
hereby granted.

Should lessee fail to begin operations for the drill-
ing of a well on the herein leased premises within the one (1)
year period above provided, then the said lessee is granted the
right to defer such operations for an additional one (1) year
period by paying to lessor the sum of -----
Twenty-five Hundred----- (\$2,500.00) Dollars on or before
the expiration of the one (1) year period from the date hereof.
Lessee may continue to delay such operations for the drilling of
a well on the herein leased premises for successive periods of
one (1) year by paying to lessor the sum of -----
Twenty-five Hundred----- (\$2,500.00) Dollars on or before
the expiration of any period during which lessee shall have de-
ferred operations for the drilling of a well on the herein leased
premises; provided, however, that lessee's right to defer the be-
ginning of operations for the drilling of a well on the herein
leased premises shall not exceed in the aggregate five (5) years
from the date of this lease.

II.

If during the five (5) year primary term, and prior to
the discovery of oil or gas on said leased premises, lessee should
drill a dry hole, or non-productive well, or, if within said pri-
mary term production of oil or gas is obtained and thereafter
ceases for any cause, this lease shall not be terminated thereby,
if within six (6) months from the cessation of such drilling or
production operations lessee commences further drilling or rework-
ing operations, or commences or resumes the payment or tender of
rental as provided for by Article I hereof for the current period
for which lessee must have paid to maintain his rights in the ab-
sence of said operations.

If, at the expiration of the five (5) year primary term,
oil or gas is not being produced on said leased premises, but les-
see is then engaged in drilling or reworking operations thereon,
this lease shall remain in force so long as drilling or rework-
ing operations (whether on the same well or on different wells
successively) are continuously prosecuted, and, if they result in
the production of oil or gas, so long thereafter as oil or gas is
produced from said land hereunder. Such operations, after the ex-
piration of the primary term, shall be deemed to be continuously
prosecuted if not more than six (6) months shall elapse between
the completion of drilling or reworking operations on one well
and the commencement of drilling or reworking operations on ano-
ther well.

III.

As a further consideration for this lease and the rights

#341

c-2

and privileges hereby granted, lessee obligates himself to begin operations for the drilling of a well in search of oil, gas or other mineral on said leased premises on or before the expiration of one (1) year from date hereof, and having so timely begun said operations to continue the same with reasonable diligence to a depth of not less than five thousand (5,000') feet, unless oil, gas or other mineral is found in paying quantities at a lesser depth. The drilling of said well within the time and in the manner stipulated in this paragraph, however, shall not relieve lessee, during the time of the drilling of said well, of the obligation to pay the delay rentals provided for in Article I hereof to be paid to maintain this lease in force from year to year in the absence of operations on said leased premises; but, in addition to the beginning of said well, lessee agrees to pay such delay rentals that may become payable during the time drilling operations are being prosecuted on said well; provided, however, if said well is completed as a paying producing oil or gas well, lessee shall be relieved of the obligation to further pay delay rentals, and said well shall operate to keep this lease in full force and effect so long as production continues. However, if production from said well ceases within the primary term of five (5) years provided for in Article I hereof within which period rental may be paid to delay commencement of operations, lessee may, at his election, in lieu of restoring said well to production or drilling additional wells, resume the payment of rental, as hereinbefore provided in Article I hereof, and carry this lease in effect without further drilling during the remainder of said five (5) year period under the provisions of Article I hereof.

IV.

If in the exercise of the rights herein granted, mineral be developed in paying quantities in or on the leased premises, the said lessee binds himself to thereafter proceed to further develop the said leased premises with reasonable diligence, and to continue until a reasonable development of the leased property has been accomplished.

Lessee further agrees that he will, while maintaining this lease in effect, drill any and all wells necessary on the leased premises to prevent material drainage of oil and/or gas therefrom by wells on adjacent property.

Notwithstanding anything in this lease to the contrary, when production of oil and/or gas is once obtained in paying quantities from any well located on said leased premises this lease shall continue in full force and effect so long thereafter as oil or gas is produced from said leased premises, and if production therefrom should cease for any reason, this lease shall not be terminated thereby if lessee commences drilling or reworking operations upon said leased premises within six (6) months from and after the cessation of such production and diligently prosecutes said drilling or reworking operations continuously in the sense that not more than six (6) months shall elapse between the completion of drilling or reworking operations on one well and the commencement of drilling or reworking operations on another, and if such operations result in the production of oil and/or gas, then so long thereafter as production continues from said leased premises.

V.

Should oil, gas and/or other minerals be produced in paying quantities on the premises hereunder, then the said les-

#37

C.3

see shall deliver to lessor as royalty, free of expense:

One-eighth (1/8) of all oil produced and saved, delivery of said oil to be understood as made when same has been received by the first purchaser thereof. Or lessee may, in lieu of said oil delivery, and at its option, pay to lessor sums equal to the value thereof on the premises; provided, that the price paid lessor for said oil shall not be less than the average posted pipe line price then current for oil of a like grade or quality.

One-eighth (1/8) of all gas produced and utilized, delivery of said gas to be understood as made when same has been received by the first purchaser thereof. Or lessee may in lieu of said gas delivery, and at its option, pay to lessor sums equal to the value thereof at the well, provided that the price paid lessor for said gas shall not be less than the average price then current of gas of like character or quality.

Two (\$2.00) Dollars per long ton for all sulphur produced and saved.

Ten (10¢) cents per ton for all potash produced and saved.

One-eighth (1/8) of any and all other minerals not specifically mentioned, said royalties to be delivered or paid as is the accepted custom in such matters.

VI.

It is expressly agreed and understood that on or before the expiration of five (5) years from the date hereof, lessee shall declare in writing what portion or portions of the property, if any, are not at such time in lessee's judgment developed; and in so declaring, lessee shall make known to lessor the existence of any salt domes, and/or other structure favorable for the accumulation of minerals on or under the leased premises, of which lessee may have knowledge, and whether the same be by lessee deemed capable of development as herein understood; and if there shall be such portion or portions remaining undeveloped and capable of development, then the said lessee shall proceed to develop the remainder of said property as contemplated herein, or lessee may, at his option, select the acreage he desires to retain under the terms and conditions of this lease and surrender the balance of said leased premises back to lessor.

VII.

Should lessee, at any time after beginning to exploit the premises as understood herein, decide that he no longer cares to carry on drilling operations, then the said lessee is granted the right to cease such operations, and lessee shall, if he so elects, retain his rights in and to ten (10) acres of the leased property for each and every well which lessee shall have drilled thereon in an effort to produce oil or gas therefrom; provided that said well or wells shall be located on that portion or portions of the leased property so retained by lessee; and provided further, that lessee's rights in and to that portion of the premises so retained shall endure so long as oil or gas is produced from any well on said leased premises, or drilling or reworking operations are continuously prosecuted, as hereinbefore provided.

Should lessee at any time elect to abandon operations

341

C-4

as above provided, then lessee shall notify lessor in writing of his intention to so do, and shall specify what portion or portions of the said leased premises lessee elects to retain and operate; and lessee shall, as soon as practicable thereafter, execute any instrument or instruments necessary to a proper release of the undeveloped portion of the leased premises.

VIII.

It is agreed and understood that lessee shall not be required to drill more than one (1) well for each forty (40) acres held hereunder where the premises shall prove to be productive of gas only, save and except where such well, or wells, are necessary to prevent drainage of gas from the said premises by wells on adjacent property; and it is further agreed that should lessee at any time elect to abandon drilling operations as provided in paragraph VII hereof, then the said lessee shall be entitled to retain its rights in and to forty (40) acres for each and every gas well from which it shall at such time be producing gas in paying quantities; provided also, that any well or wells so producing shall be located on that portion or portions of the property retained by lessee; and provided further, that lessee's rights to so hold such portion or portions of the said premises shall endure only so long as lessee shall produce therefrom gas in paying quantities.

IX.

If at any time during the life of this lease, lessee elects to no longer maintain in effect the rights herein granted as to the whole or any portion of said leased premises, then said lessee shall have the right to release and reassign unto lessor any and all such rights as to the whole or any portion of said leased premises held by lessee, whereupon this contract shall wholly terminate as to the whole or such portion or portions of said leased premises affected by such release or reassignment.

X.

It is agreed and understood that operations hereunder shall offer no impediment to navigation.

XI.

It is further agreed and understood that no transfer, whether in whole or in part, of the herein leased property shall be valid unless such transfer or assignment be approved by the Governor of the State of Louisiana.

THUS DONE, READ, ACCEPTED AND SIGNED by the parties hereto, the lessor, the State of Louisiana, herein represented by James A. Noe, Governor, and the lessee, W. T. Burton, in the presence of A. P. White and G. McGuffey, and before me, H. C. Comish, Assistant Secretary of State, on this 18th day of February, A. D. 1936.

Witnesses:
A. P. White
G. McGuffey

James A. Noe GOVERNOR
for the State of Louisiana, Lessor
W. T. Burton
Lessee

H. C. Comish
Assistant Secretary of State

34

C-5